

Message Text

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44

ACTION AID-59

INFO OCT-01 AF-10 ADP-00 PC-15 USIA-15 IO-13 DODE-00 AGR-20

ACDA-19 INT-08 COME-00 FDRE-00 EB-11 IGA-02 RSR-01

/174 W

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R 271025Z AUG 73

FM AMEMBASSY YAOUNDE

TO SECSTATE WASHDC 1438

INFO AMEMBASSY DAKAR

AMEMBASSY NOUAKCHOTT

AMEMBASSY OUAGADOUGOU

AMEMBASSY BAMAKO

AMEMBASSY NIAMEY

AMEMBASSY FORT LAMY

AMEMBASSY ROME

C O N F I D E N T I A L YAOUNDE 2913

AFDROUGHT

E.O. 11652: GDS

SUBJECT: STABILIZING DEMAND ON US PL 480 COMMODITY SUPPLY

REF: (A) STATE 167586, (B) YAOUNDE 2900

RDO AGREES WITH THRUST OF PROPOSED REVISION OF USG POLICY REGARDING PL 480 TITLE II GRAIN FOR SIX DROUGHT AFFECTED COUNTRIES, LOCAL CONDITIONS MIGHT NECESSITATE THE EXTENSION OF SUCH A SALES PROGRAM OF USG GRAIN HERE SHOULD THERE BE A SHORTFALL IN PRODUCTION, ESPECIALLY IN NORTHERN PART OF COUNTRY. AT PRESENT, RAINFALL HAS BEEN ABOUT 58 PERCENT OF NORMAL AND ESTIMATED PRODUCTION STATED AS BEING ABOUT 50 PERCENT OF NORMAL. HOWEVER, AS STATED IN REFTEL (B), A FULL ASSESSMENT CANNOT BE MADE UNTIL AFTER LATE PLANTINGS OF SORGHUM HAVE MATURED AROUND NOVEMBER/ DECEMBER. ANOTHER FACTOR WHICH PROBABLY WILL AFFECT THE SUPPLY OF GRAIN IN THIS AREA IS LACK OF FUNDS SUCH AS WERE USED
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IN PREVIOUS YEARS TO SUPPORT TRANSPORT COSTS. PRIOR FUNDS

WERE TAKEN FROM OTHER SOURCES WHICH HAVE JUST ABOUT BEEN DEPLETED. THE PERMITTED SALE OF PL 480 GRAINS SHOULD THE NEED ARISE BECAUSE OF SHORTAGES IN THE DRY SEASON HARVEST WILL PERMIT A MORE RAPID TRANSPORT OF SUCH GRAIN TO THE AFFECTED AREAS. OUR PRELIMINARY ESTIMATES OF THE AMOUNT OF SUCH GRAINS THAT MIGHT BE REQUIRED ARE ALSO ENCLOSED IN REFTEL (B).

WE, TOO, ARE OF THE OPINION THAT FREE GRAIN IS NOT THE ANSWER TO SOLVING THE PROBLEM IN MANY OF THE GRAIN DEFICIT AREAS. FOR, IN MANY INSTANCES, THE INFUSION OF ANY APPRECIABLE AMOUNT OF FREE GRAIN HAS THE EFFECT OF DRIVING DOWN THE PRICES WHICH FARMERS RECEIVE FOR THEIR PRODUCE GROWN LOCALLY. AT OTHER TIMES, IT MIGHT HAVE THE EFFECT OF ENCOURAGING HOARDING, AS GRAIN SOLD BY LOCAL FARMERS CANNOT COMPETE WITH THE INFUSION OF FREE GRAIN ON THE MARKET, ESPECIALLY IF THERE IS AN ABUNDANCE OF SUCH FREE GRAINS AND TASTES AND PREFERENCES ARE UNALTERED BY THE QUALITY OF THE FREE PRODUCT.

DECON 24 AUGUST 1974.
MOORE

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